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**FISCAL IMPACT STATEMENT**

**LS 6123**

**BILL NUMBER:** HB 1223

**NOTE PREPARED:** Dec 8, 2002

**BILL AMENDED:**

**SUBJECT:** Textbook Reimbursement.

**FIRST AUTHOR:** Rep. Smith V

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill provides that a school corporation: (1) receives 100% textbook reimbursement if at least 50% of the students receive free or reduced lunches; and (2) receives prorated textbook reimbursement if less than 50% of the students receive free or reduced lunches.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** The appropriation for the Textbook Reimbursement Account is \$19.9M. The reimbursement rate was about 84% of allowable claims for FY 2002. The bill should have no fiscal impact on the state unless the appropriation is increased.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill would shift funding from schools where less than 50% of their students qualify for school lunch to schools where over 50% of their students qualify for free lunch. Schools in which at least 50% of students receive free or reduced lunches would receive 100% of allowable textbook reimbursement. Based on FY 2002 data, nine schools would qualify for 100% reimbursement. The remaining schools would receive a smaller reimbursement. For schools where less than 50% of their students qualify for school lunch, the FY 2002 reimbursement rate of about 84% would have been reduced to about 78%.

*Background:* The School Textbook Reimbursement Contingency Fund provides school corporations and accredited nonpublic schools reimbursement from the Department of Education for a portion of the costs

incurred during a school year in providing classroom instruction to children who meet the federal free and reduced lunch standards. Previous to 1999-2000, the program only provided assistance on behalf of students meeting free lunch standards.

*State Share:* School corporations and accredited nonpublic schools can receive 20% of the cost of textbooks as listed on the state adoption list and 100% of the cost of workbooks that accompany adopted textbooks. Reimbursement is also made at 100% for consumable textbooks which are state adopted. The cost of textbooks used in gifted and talented education and special education is reimbursed based on amortization of the book over the years it is to be used. Lastly, developmentally appropriate instruction material for Grades K-3, laboratories, and children's literature programs are reimbursed at 100%.

*Local Share:* The school corporation shall pay the balance after state reimbursement for school books, supplies, and other required class fees for students who qualify under the federal free and reduced lunch provisions. The nonpublic school has no legal responsibility for paying the balance.

*Requirements for Participation:* The school corporation or accredited nonpublic school must file a claim with the Department of Education before November 1 of the current school year. The claim must include the number of eligible students and the associated costs for textbooks, consumable textbooks, and workbooks. The claim must have included with it copies of all filed and approved applications for free and reduced lunch recipients. The approved applications must include data required by Family and Social Services Administration (FSSA) with regard to the Temporary Assistance to Needy Families program to be considered by the Department of Education for reimbursement under this program.

*Extent of Participation:* In 2000-2001, 293 corporations and 149 nonpublic accredited schools participated.

*Distribution:* Funds are distributed in April of each school year. In the event there are funds available, a second distribution based on supplemental claims may be made in the spring. If the amount of reimbursement requested exceeds the amount appropriated, the Department of Education shall proportionately reduce the amount of reimbursement to each school corporation and nonpublic school.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Local Schools.

**Information Sources:** Digest of School Finance from the Department of Education, Department of Education Databases.

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